



7500 W. 29th Ave., Wheat Ridge, CO 80033

ABOUT BUILDING PERMIT REFUNDS

Tax Info (303) 235-2820

BACKGROUND

When you obtain a building permit you pre-pay use tax to the City of Wheat Ridge.

When you buy materials for the project, the retailer is **CONDITIONALLY** required by state law (Colorado Revised Statute 29-2-105(2)) to honor the permit as evidence you paid local tax in advance and exempt the purchases from further local tax. How or whether retailers do this varies greatly because any exemption claim may lawfully be refused by the retailer at his discretion for his own protection. Many impose the requirement that you present a copy of the permit for each purchase and/or check out at a certain desk. Make and distribute as many copies of the permit as you need.

So, the permit isn't always presented or applied and you end up paying local tax anyway. Such local tax is refundable by the city to which it was paid, and if the project was completed at a savings, a portion of the permit tax may be, too.

HOW IT WORKS

Tax paid to Wheat Ridge may be refundable only upon audit of the materials. A refund request must be submitted with all of the materials, supplies, and equipment invoices for the project, then reviewed by an auditor to ensure that the project did not overrun the estimate used to get the permit. If appropriate, any excess tax paid at local stores, on deliveries or on the permit will be refunded; any tax shortage will be billed.

Tax paid to other cities, such as when you pick up items at a dealer's location in another city, is refundable by the other cities. Prepare a copy of the permit and all the receipts bearing local tax for each city where you made purchases. Then submit these items with your refund request to each city. An auditor or technician will review the receipts, contacting you if they have questions, and determine which items are building materials and supplies that fall under the exemption allowed by the permit, then issue any appropriate refund.

WHY IT'S SO

Long ago citizens were concerned that the often substantial sales or use tax on building materials and supplies wouldn't serve the citizens of the cities in which the projects occurred, but would instead benefit cities that had all the big dealers. so they voted-in city laws to require prepayment of the tax at the time of permit. The construction industry realized this could cause them to pay double tax and quickly went to the State for relief, resulting in Colorado Revised Statute 29-2-105(2), which allows the exemption of local tax on the sale of building materials and supplies if a building permit showing prepaid local tax is presented at the time of the sale. In effect, if a building permit is obtained in one city, no other city is entitled to tax on the materials and supplies associated with the project.